



CRS Report for Congress

Common Questions About Postage and Stamps

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Summary

Constituents and interest groups often approach congressional offices with questions about postage and stamps. This report provides brief answers to commonly asked questions and provides sources where congressional staff may learn more about these topics.

What Is the Difference Between Postage and Stamps?

Postage is the price a customer pays to have the U.S. Postal Service (USPS) deliver a letter or package. In order to show that the postage has been prepaid on a letter or package to be delivered, various postage indicia have been created.¹ Stamps are one type of postage indicia.² Stamps may be issued by USPS alone.³ Some of the other forms of postage that look like stamps, such as “customized postage,” may be produced by private firms with the approval of USPS.

What Kinds of Stamps Exist?

Various types of stamps exist, including definitive stamps, commemorative stamps, and semipostal stamps. Each of these types of stamps is described below.

¹ According to a spokesperson at USPS, the only instance when a letter may be mailed without an indicia is when the letter is sent by a member of the U.S. armed services deployed overseas. He or she may write in the upper right corner of an envelope, “free mail.” The Department of Defense reimburses USPS for the expense of delivering this mail.

² The exceptions are the Federal Migratory Bird Hunting and Conservation Stamps, also known as “duck stamps.” They are not valid for postage. Duck stamps were created in 1934 and serve as a federal license for hunting migratory birds (16 U.S.C. 718-719). Duck stamps also raise revenues for the conservation of wetlands. For further details, see the website of the Federal Duck Stamp Program at [<http://www.fws.gov/duckstamps/>].

³ 39 U.S.C. 404(a)(4) empowers USPS “to provide and sell postage stamps [...] and to provide such other evidences of payment of postage and fees as may be necessary or desirable.”

Definitive Stamps. Definitive stamps are issued by USPS for regular customer use. Unlike a commemorative stamp, a definitive stamp (e.g., U.S. flag stamp) is issued year after year, and the quantity produced is not capped. These stamps come in a wide range of denominations (e.g., 2 cents, 29 cents, \$3.85, \$5.00) and carry a substantial range of images, including animals (e.g., birds); famous persons (e.g., Presidents George Washington and Andrew Jackson); and esteemed household items (e.g., Tiffany lamp, Chippendale chair).⁴

Commemorative Stamps. Each year, USPS issues stamps to commemorate or celebrate persons, anniversaries, and things.⁵ In 2007, for example, USPS will release stamps featuring images of the poet Henry Wadsworth Longfellow, the 100th anniversary of Oklahoma's statehood, and the Hershey Kiss candy.⁶ Typically, each commemorative stamp has a limited production run and is sold for only one year. Though usable as postage, commemorative stamps often are held by collectors and sold privately at auctions and through other means (e.g., online).⁷

Semipostal Stamps. By law, semipostal stamps are “issued and sold by the Postal Service, at a premium, in order to help provide funding for a cause.”⁸ So, for example, a first-class definitive stamp may be purchased for 39 cents, whereas a first-class semipostal costs 45 cents. USPS has the authority to decide what causes to support through the sales of semipostal stamps.⁹ Nevertheless, all semipostal stamps issued thus far by USPS have appeared as a consequence of a statute. Congress has required USPS to issue semipostal stamps to raise funds for breast cancer research (P.L. 105-41; 39 U.S.C. 404), domestic violence prevention programs (P.L. 107-67, Title VI, Section 653; 115 Stat. 558), and assistance to the families of rescue workers killed or disabled in the terrorist attacks of September 11, 2001 (P.L. 107-67, Title VI, Section 652; 115 Stat. 557).

Other than Stamps, What Kinds of Postage Indicia Exist?

USPS permits the use of several postage indicia.¹⁰ These include meter indicia, mailing permit imprints, and customized postage. Each of these forms of postage is described below.

⁴ Examples of common postage stamps may be found on the website of the U.S. Postal Service at [<http://shop.usps.com/>].

⁵ CRS Report RS20221, *Commemorative Postage Stamps: History, Selection Criteria, and Revenue Potential*, by Kevin R. Kosar.

⁶ USPS, “The 2007 Commemorative Stamp Program,” Oct. 25, 2006, at [<http://www.usps.com/communications/newsroom/2007stamps/>].

⁷ The online auction site, eBay, for example, features thousands of stamps for sale at [<http://buy.ebay.com/stamps/>].

⁸ 39 U.S.C. 416(a)(1).

⁹ USPS may “issue and sell semipostals ... in order to advance such causes as the Postal Service considers to be in the national public interest and appropriate” (39 U.S.C. 416(b)).

¹⁰ See USPS website at [<http://www.usps.com/postagesolutions/>].

Postage Meter Indicia. A postage meter or mailing machine is a device that is used to print postage indicia directly onto mailpieces or pieces of adhesive tape that are to be affixed to mailpieces.¹¹ USPS does not produce postage meters; rather, private firms manufacture meters to meet standards set in regulations issued by the Postal Service.¹² To use a postage meter, a mailer must fill out an application with USPS and enter into a rental agreement with a postage meter manufacturer. The mailer then prepays for postage, and this prepayment is registered in his postage meter. When he wishes to mail an item, the mailer places it in the meter, which weighs it and prints the required postage. The customer may then drop the item into any mailbox for delivery by USPS. Indicia made by postage meters may be customized to include advertisements or messages. A customer may do this by designing and purchasing an ad plate from the firm that provided his postage meter.

Mailing Permit Imprints. Mailing imprints are rectangular indicia printed at the top right of envelopes.¹³ Mailing permit imprints may be made on envelopes “by printing press, handstamp, lithography, mimeograph, address plate, or similar device.”¹⁴ Typically, mailing permit imprints are used by firms to send mass mailings of identical mailpieces. Thus, for example, if a not-for-profit firm wanted to send letters to its 5,000 donors, it first would fill out an application with USPS to receive a mailing permit and imprint. The firm then would hire another firm to print 5,000 envelopes with the imprint on them. The not-for-profit company would then stuff these envelopes with letters and deliver them to the post office from which it received its mailing permit. USPS would receive the mail, and the firm would pay for the postage required on the spot.¹⁵ According to USPS, mailing permit imprints may not be customized to include advertisements or messages.

Customized Postage Indicia. Customized postage indicia were authorized by Section 1192 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (P.L. 109-162; 119 Stat. 2960). The act amended 18 U.S.C. 475 to except indicia of “postage payment” from a more than century old law, which prohibited the counterfeiting of government obligations or securities and the placement of advertisements on said obligations or securities. This change in law enabled USPS to enter agreements with a number of private firms, such as Stamps.com, and Zazzle.com, to license them to create stamp-like indicia that carry advertisements and images chosen by the purchaser (e.g., a photographic image of one’s pet cat).¹⁶ USPS requires firms that

¹¹ Examples of meter indicia may be found on the USPS website at [<http://pe.usps.com/text/qsg300/images/graphics/Q024a.jpg>].

¹² U.S. Postal Service, *Quick Service Guide 604c, Basic Standards for All Mailing Services: Postage Meters and PC Postage Systems* (Washington: USPS, 2006), at [<http://pe.usps.gov/text/qsg300/Q604c.htm>].

¹³ Examples of mailing permit imprints may be found on the USPS website at [<http://pe.usps.com/text/qsg300/images/graphics/Q025b.jpg>].

¹⁴ U.S. Postal Service, *Quick Service Guide 604d, Basic Standards for All Mailing Services: Permit Imprints* (Washington: USPS, Jan. 2006), at [<http://pe.usps.com/text/qsg300/Q604d.htm>].

¹⁵ USPS also allows for prepayment of mailing permit imprint mail.

¹⁶ For examples of customized postage indicia, see the website of Zazzle.com at

produce customized postage indicia to limit the messages and images that may be placed on them. To cite just two restrictions: customized postage indicia may not carry partisan or political content or messages; and they may not depict profanity, nudity, or sexually explicit functions. Despite their appearance, customized postage indicia are not stamps. Rather, they are adhesive stickers that indicate postage paid. Customized postage indicia are sold at a premium. A sheet of 20 39-cent customized postage indicia may cost \$17.99 or more, whereas a sheet of 20 39-cent USPS definitive stamps costs \$7.80. The extra cost of customized postage goes to the licensees (e.g., Stamps.com), though, in some instances, the extra cost may be used to support a particular charity or cause. (See below.)

Which Forms of Postage May Be Used to Raise Revenues for Worthy Causes?

Semipostal stamps (see above) may be used to raise funds for causes. Customized postage also has been used for this purpose. For example, the Humane Society of the United States (HSUS) produced customized postage indicia through Zazzle.com that generated proceeds for its animal protection programs.¹⁷

May Citizens, Groups, or Businesses Put Images, Messages, or Advertisements on Stamps?

No. Stamps are produced by USPS alone and may not carry images, messages, or advertisements promoting political causes, private businesses, etc. However, persons, groups, and businesses may put images, messages, and advertisements on certain forms of postage, such as customized postage and postage meter indicia.¹⁸

How Does One Request That the Postal Service Issue a Stamp in Honor of a Person, Place, or Event?

To aid USPS in the development of new commemorative stamps, the Postmaster General established the Citizens' Stamp Advisory Committee (CSAC) in 1957. CSAC operates under 39 U.S.C. 404(a) (4-5), which empowers USPS to provide stamps and philatelic services. CSAC assesses proposals for new commemorative stamps against 12 criteria and advises the postmaster general, who has final authority to determine both subject matter and design, on appropriate and desirable proposals.¹⁹ Anyone may propose a new commemorative stamp. Proposals for new commemorative stamps should be sent to the Citizens' Stamp Advisory Committee, c/o Stamp Development, U.S. Postal Service, 1735 North Lynn St., Suite 5013, Arlington, VA 22209-6432.

¹⁶ (...continued)
[<http://www.zazzle.com/pd/find/pt-172?sz=1>].

¹⁷ For details, see the website of Zazzle.com at [<http://www.zazzle.com/hsus>].

¹⁸ For example, Stamps.com permits companies to create postage that advertises their brands, products, etc. For details, see [<http://photo.stamps.com/Store/business/>].

¹⁹ For an enumeration of these criteria and other information on commemorative stamps, see CRS Report RS20221, *Commemorative Postage Stamps: History, Selection Criteria, and Revenue Potential*, by Kevin R. Kosar.

How Are Postage Rates Set?

Currently, postage rates are set by the Postal Rate Commission with the agreement of the Postal Service. USPS initiates a rate case by submitting a request to the commission to raise postage prices that details the proposed increases and the justifications for them. Any interested party, including a citizen or a business firm, may submit testimony to the commission to support or criticize USPS's proposal. The commission then issues a recommended decision. USPS's Board of Governors may accept the commission's decision or reject it.²⁰

The recently enacted Postal Accountability and Enhancement Act (P.L. 109-435; 120 Stat. 3198) will change the process for setting postage rates by June 2008.²¹ The law divides USPS products into two categories, market-dominant products²² and competitive products.²³ The postage rates for market-dominant products, such as first-class mail, will be set by USPS in accordance with the requirements of the new regulatory system. The new Postal Regulatory Commission will design this system,²⁴ and the major feature of the system for market-dominant products will be a price cap (P.L. 109-435, Section 201). Each year, USPS will not be able to raise the price of postage more than the increase in the Consumer Price Index for All Urban Consumers. The postage rates for competitive products, such as overnight package delivery, will be set by USPS's Board of Governors in accordance with regulations promulgated by the Postal Regulatory Commission, which will require prices to reflect "the direct and indirect postal costs attributable" to the production and provision of these products (P.L. 109-435, Section 202).

Are Revenues from the Sales of Stamps Used to Support the "War on Terror" or Other Government Operations?

No. An *Online Journal* article circulating on the Internet entitled "George W. Bush's War Stamp Tax," by Wayne Madsen, asserts that the Bush Administration "has imposed a stealth war tax on the American people," citing the postage rate increase that went into effect on January 8, 2006, and another rate increase requested by the Postal Service and now being considered by the Postal Rate Commission for implementation in 2007.

The reason for the Bush stamp tax is that when the Bush Administration took power in 2001, the Postal Service Fund, a special account established within the Treasury Department, had a substantial surplus. However, in order to pay for its Iraq war

²⁰ For further details on the current rate-setting process, see 39 U.S.C. 36.

²¹ P.L. 109-435, Sec. 201 requires that this new system must be in place within 18 months after enactment of the law, which was signed on December 20, 2006.

²² P.L. 109-435, Sec. 203 defines a market-dominant product as a product "in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. The competitive category of products shall consist of all other products."

²³ Competitive products are those products and services that do not meet the definition of a market-dominant product (P.L. 109-435, Sec. 203).

²⁴ News on the development of the new regulatory system may be found at [<http://www.prc.gov>].

adventure, the Bush Administration raided the Postal Service Fund and created a deficit. The two successive rate increases have been necessary in order to replenish the fund, according to Postal Service sources.²⁵

This is not an accurate description of the way the Postal Service is funded or the reasons for the increases in postage costs. Postal Service funds have not been diverted to the war on terrorism. By law, the Postal Service is a self-funding enterprise that operates independently from the executive branch of which it is a part. It pays for its operations by charging the public for the cost of its services, and in the long run it is expected to break even. The Postal Service Fund, in the Treasury Department, is essentially the USPS's checking account. Postal revenues go into the fund and are withdrawn to pay for postal expenses, such as compensation and benefits, transportation and services, depreciation, and retirement obligations.

May the Families of Members of the Armed Services Send Mail to Them for Free?

No. During the 109th Congress, two bills (H.R. 923 and H.R. 2874) were introduced that would have allowed family members and, in the case of H.R. 2874, certain charities to send letters and packages free of postage to servicemen and women in combat zones. Neither of these bills was enacted into law.²⁶

May Any Active Duty Members of the Armed Services Send Mail for Free?

Yes, a member of the armed services may do so, provided that he or she is on duty in a designated combat area, the mail is personal correspondence, and the mail is addressed to someone in the United States (39 U.S.C. 3401).²⁷ The Department of Defense (DOD) reimburses USPS for a portion of the delivery costs.

²⁵ See [http://onlinejournal.com/artman/publish/article_779.shtml].

²⁶ For further details on these proposals, see CRS Report RS22203, *Free Mail for Troops Overseas*, by Kevin R. Kosar.

²⁷ For further details on members of the armed services and postal services, see the website of the Military Postal Service Agency at [<http://hqdainet.army.mil/mpsa/>].